



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



**FILE COPY**  
Carnahan Courthouse Building  
1114 Market St., Room 642  
St. Louis, Missouri 63101  
(314) 622-4723  
Fax: (314) 613-3004

**DARLENE GREEN**  
Comptroller

***Internal Audit Section***

**DR. KENNETH M. STONE, CPA**  
Internal Audit Executive

April 12, 2011

Dan Krasnoff, Executive Director  
Park Central Development Corporation  
4512 Manchester  
St. Louis, MO 63110

RE: Park Central Development Corporation (CDBG) (Project #2011-CDA14)

Dear Mr. Krasnoff:

Enclosed is a report of the fiscal monitoring review of the Park Central Development Corporation, a not-for-profit organization, CDBG Programs, for the period January 1, 2010, through December 31, 2010. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Park Central Development Corporation. Fieldwork was completed on February 4, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Respectfully,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA  
Lorna Alexander, Special Assistant for Development, CDA



# CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**PARK CENTRAL DEVELOPMENT CORPORATION  
CONTRACT #10-31-65  
CFDA #14.218**

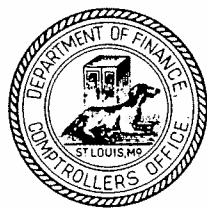
**FISCAL MONITORING REVIEW**

**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

**PROJECT #2011-CDA14**

**DATE ISSUED: APRIL 12, 2011**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
PARK CENTRAL DEVELOPMENT CORPORATION  
FISCAL MONITORING REVIEW  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

**TABLE OF CONTENTS**

<b>Description</b>	<b>Page(s)</b>
<b>INTRODUCTION</b>	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	1
<b>SUMMARY OF OBSERVATIONS</b>	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
<b>DETAIL OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES</b>	<b>3 – 4</b>

## **INTRODUCTION**

### **Background**

**Contract Name:** Park Central Development Corporation

**Contract Number:** 10-31-65

**Contract Period:** January 1, 2010 through December 31, 2010

**CFDA Number:** 14.218

**Contract Amount:** \$235,000

The contract provided Community Development Block Grant (CDBG) funds to Park Central Development Corporation (Agency) to increase property values and the quality of life within the Central West End neighborhood by drawing upon the energy and the talent of those who live and work in the Community. This is to be accomplished through controlled quality development of both residential and commercial properties.

### **Purpose**

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2010, through December 31, 2010, and make recommendations for improvements as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the Community Development Administration (CDA). Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on February 4, 2011.

### **Exit Conference**

The Agency was offered the opportunity for an exit conference on March 24, 2011, but the Agency declined.

### **Management's Responses**

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on March 31, 2011. These responses have been incorporated into this report.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with federal, state and local CDA requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2010-CDA14, issued August 19, 2010, noted five observations:

1. Opportunity to file IRS form 941 (**Resolved**)
2. Opportunity to comply with CDA check signing policy (**Resolved**)
3. Opportunity to comply with CDA guidelines regarding procurement (**Resolved**)
4. Opportunity to track usage and accrual of vacation and sick leave (**Repeated – See Current Observation #1**)
5. Opportunity to meet contractual obligations (**Repeated – See Current Observation #2**)

### **A-133 Status**

According to a letter received from the Agency dated January 14, 2011, it did not expend \$500,000 or more in federal funds in its calendar year ended December 31, 2009. The Agency, therefore, was not required to have an A-133 audit.

### **Summary of Current Observations**

Recommendations were made for the following observations, which if implemented could assist the Agency in fully complying with federal, state, and local DHS requirements:

1. Opportunity to track usage and accrual of vacation and sick leave (**Repeated**)
2. Opportunity to meet contractual obligations (**Repeated**)

## **DETAILED OBSERVATIONS RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **1. Opportunity To Track Usage And Accrual Of Vacation And Sick Leave**

The payroll expenditures charged to the grant for the months of May and November 2010 were tested for accuracy. The Agency did not provide, for the sampled payroll, any documentation of accruals for the addition and usage of sick and vacation time.

Section 5.2 of the Operating Agency Fiscal Procedures Manual requires the Agency to maintain cumulative records of all paid time off charged to the grant.

The Agency lacked internal controls regarding the documentation and tracking of sick and vacation leave. An effective system of internal controls would require the maintenance of documentation for the number of employee sick and vacation leave earned and taken throughout the year.

The lack of accurate documentation for paid leave is an internal control weakness that can lead to the abuse of paid time off by employees. This may also result in the suspension or termination of the federal award.

#### **Recommendation**

It is recommended that the Agency develop an effective process where the accrual and usage of employees' sick and vacation leave are adequately documented.

#### ***Management's Response***

*The Organization acknowledges the need to better track these benefits. We have instituted a system of written requests for vacation and sick time. These requests are electronically made to the Executive Director. They are then passed along to the payroll service where they are reflected in reports to the organization, including pay stubs and other reports to the agency.*

## **2. Opportunity To Meet Contractual Obligations**

According to the Agency's annual programmatic report, the Agency did not meet the objectives #1 and #2 of the grant contract. The Agency did not implement a program to promote development of residential and commercial properties and completed only one of three public safety programs.

Objectives #1 and #2 of the Agency's contract state that the Agency will implement a program to promote development of residential and commercial properties and complete three tasks by partnering with St. Louis University to implement public safety programs in the Forest Park Southeast Neighborhood.

The Agency did not appropriately budget and plan the program activities in relation to its contractual obligations or revise its contract accordingly. The Agency's failure to meet its grant contractual obligations by not providing the vital services to the community could result in the suspension or termination of the grant agreement.

### **Recommendation**

It is recommended the Agency establish a system of internal control to ensure that the objectives of the grant contract are achieved during the contract period. If the Agency foresees that it will not be able to meet all the objectives of the grant contract, it should communicate with CDA and revise the contract accordingly.

### ***Management's Response***

*The number of objectives was expanded in 2010 because all pre-existing development corporations in 17th Ward were consolidated into one. Unfortunately, the re-hiring of the Executive Director did not take place until June. Furthermore, the rest of the staff could not be hired until August and November. The objectives could not be completed with such limited staff.*